

## Message Text

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60

ACTION XMB-04

INFO OCT-01 ARA-10 ISO-00 H-02 OPIC-06 AID-05 EB-07

CIAE-00 INR-07 NSAE-00 TRSE-00 COME-00 /042 W

----- 031135

R 091735Z NOV 76

FM AMEMBASSY GUATEMALA

TO SECSTATE WASHDC 3768

AMEMBASSY MANAGUA

UNCLAS GUATEMALA 7643

PASS OPIC FOR MARTY SCHOR

PASS EXIM

MANAGUA FOR CONGRESSMAN BOWEN

E.O. 11652: N/A

TAGS: EFIN, OREP, GT

SUBJECT: INQUIRY RE SALE OF BUSES (CODEL BOWEN INTEREST)

REF: A. STATE 210680; B. GUATEMALA 6157

SUMMARY: THIS CABLE SUMMARIZES EMBASSY'S UNDERSTANDING OF PRESENT STATUS OF PROPOSED BUS SALE BY SUPERIOR COACH THROUGH TRANSPORT ENGINEERING COMPANY OF WEYMOUTH, MASS. IN RESPONSE TO INQUIRY BY CONGRESSMAN DAVID R. BOWEN IN DISCUSSIONS WITH AMBASSADOR. WHILE SOME ADVANCE TOWARDS CONSUMMATION OF A DEAL HAS BEEN MADE, PRIMARY PROBLEM REMAINS THE CREDIT-WORTHINESS OF PROPOSED BUYERS. END SUMMARY.

1. MR. EDWARD A. JOHNSON, SR., REPRESENTING TRANSPORT ENGINEERING, UNDERTOOK, DURING HIS LAST VISIT TO GUATEMALA CITY IN OCTOBER, TO IDENTIFY THE ACTUAL NUMBER OF BUSES WHICH INDIVIDUAL MEMBERS OF THE GUATEMALA CITY TRANSPORT ASSOCIATION WERE SEEKING. LETTERS OF COMMITMENT FOR APPROXIMATELY 200 BUSES WERE SUBMITTED TO THE ASSOCIATION, PLUS AN ADDITIONAL 100 SOUGHT BY ONE COMPANY, EL CONDOR.

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2. REPORTEDLY, THE ASSOCIATION MEMBERS ARE QUITE INTERESTED IN THE PRICE AND QUALITY OF THE DESIGN SUBMITTED BY MR. JOHNSON FOR SUPERIOR COACH. THE MAJOR PROBLEM OF THE CREDIT-WORTHINESS OF THE COMPANIES INDIVIDUALLY, OR THE ASSOCIATION, REMAINS.

3. AN INTERMEDIARY CORPORATION APPEARS AT THE MOMENT TO BE A NECESSARY ELEMENT IN ESTABLISHING CREDIT-WORTHINESS TO PERMIT A MAJOR SALE. TOWARDS IDENTIFICATION OF SUCH A POSSIBILITY, MARTY SCHOR OF OPIC AND MRS. JOYCE WILLIAMSON, A LOCAL INTERESTED PARTY FOR TRANSPORT ENGINEERING, ARE SEPARATELY EXAMINING POSSIBILITIES.

4. CONGRESSMAN BOWEN, SPEAKING FOR HIMSELF AND SENATORS EASTLAND AND STENNIS, EMPHASIZED THE IMPORTANCE OF THE PRODUCTION OF BUSES IN HIS HOME STATE OF MISSISSIPPI AND CITED THE ECONOMIC ADVANTAGES OF PRICE AND QUALITY TO THE GUATEMALAN ECONOMY. FOLLOWING THIS DISCUSSION AND AT THE DIRECTION OF THE AMBASSADOR, THE BROAD PROBLEM WAS RAISED WITH MINISTER OF ECONOMY GUIROLA BATRES. THE MINISTER, WHO HAS CLOSE BUSINESS UNDERSTANDING OF THE URBAN TRANSPORT COMPANIES IN GUATEMALA CITY, UNDERTOOK TO DISCUSS THE PROBLEM OF FINANCING WITH OTHER ELEMENTS OF THE GUATEMALAN GOVERNMENT. HE LIKewise ARRIVED AT THE CONCLUSION THAT THE CREDIT-WORTHINESS OF SEVERAL OF THE BUS COMPANIES WOULD BE VERY DIFFICULT TO ESTABLISH AND THAT SOME FORM OF INTERMEDIARY CORPORATION IS INDICATED. THE MINISTER MADE CLEAR THE DIFFICULTY OF OBTAINING A DIRECT GOVERNMENT OF GUATEMALA GUARANTEE FOR THE SALE AS ORIGINALLY PROPOSED. HE NONETHELESS FELT THAT THE MATTER SHOULD BE EXAMINED CAREFULLY IN VIEW OF THE NEED FOR MODERNIZED URBAN TRANSPORT. HE DID MAKE A COMMITMENT TO "LOOK INTO THE PROBLEM" WITHOUT INDICATING SPECIFICS.

5. COMMENT: AS INDICATED IN REF. B, THE EMBASSY DOES NOT HAVE HIGH HOPES THAT A GUATEMALAN CENTRAL GOVERNMENT GUARANTEE IS OBTAINABLE ON THE ORIGINAL PROPOSAL. NONETHELESS, AS THE WORK OF MR. JOHNSON AND OTHERS SOLIDIFIES TOWARDS A SPECIFIC PACKAGE, THE MATTER COULD BE RAISED AGAIN WITH THE APPROPRIATE CENTRAL GOVERNMENT AUTHORITIITES.

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## Message Attributes

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**TAGS:** EFIN, OREP, GT, XMB, (BOWEN, DAVID R)  
**To:** STATE MANAGUA  
**Type:** TE  
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